

2011-2012 DIRECT STUDENT [STAFFORD] LOAN REQUEST FORM

Complete this form and return it to us within 30 days of receiving your financial aid award or by July 1, 2011 (whichever is later). Please inform us if you wish to decline the loan (so that we can remove it from your pending aid). You can determine the amount you are eligible for on your award letter and online on ScotWeb.

Student's Name _____

Social Security # _____

Date: _____

From your award letter fill in the amounts you wish to borrow. Put "0" to decline the loan:

[for office use _____] You are eligible to borrow: Amount you wish to borrow:

Direct Subsidized Loan: \$ _____ \$ _____

Direct Unsubsidized Loan: \$ _____ \$ _____

The amount applied to your student account will be .5% lower than your request. See below for details.

(STUDENT SIGNATURE)

(DATE)

- The maximum need-based (subsidized) loan eligibility for first-year students is \$3500, for sophomores \$4500, and for juniors and seniors \$5500. An additional unsubsidized \$2000 is available to all.
- While you are in school the federal government pays the interest on *subsidized* loans (which help meet demonstrated financial need). *Unsubsidized* loans, above financial need, do not receive the federal interest subsidy. Repayment of both loans begins after you cease to be enrolled half time or more. The annual interest rate for subsidized loans made in 2011-2012 is 3.4%; for unsubsidized loans it is 6.8%.
- The federal government charges a 1.0% loan fee, but also offers an interest rebate (equal to 0.5% of the gross loan amount) to encourage timely repayment of the loan. Thus the net loan proceeds credited to your student account will be 99.5% of the total amount you borrow. To keep the interest rebate, when you begin to repay the loan you must make the first twelve required monthly payments on time.
- If you have already signed a Master Promissory Note (which remains valid throughout your Wooster career), once we receive this request form we shall transmit your requested amount to the Federal Loan Origination Center and credit that amount (*less .5%*) to your student account.

- **First-time borrowers must (a) complete an electronic Master Promissory Note and (b) receive financial counseling** before they can obtain a Federal Direct Student Loan. If possible, you should complete both responsibilities online over the summer at the U.S. Education Department Direct Loan web site: www.StudentLoans.gov, which is linked on our web page, www.wooster.edu/financialaid/loans/.
- (a) **Direct Loan Master Promissory Note.** The federal processor will notify us when you have completed every step of the master promissory note.
- (b) **Online Loan Entrance Counseling.** We shall be notified when you have successfully completed the quiz at the end of the tutorial.

If you cannot complete these federal requirements at home, we shall offer opportunities for you to go online to complete them at the federal website when you arrive on campus.

THE FEDERAL DIRECT LOAN PROGRAM AT WOOSTER

The Federal Direct Loan program offered at Wooster allows students and their families to borrow to help pay educational costs under favorable terms. Loan applications are processed through the College and loan proceeds are credited directly to a student's account. The program offers: (a) loans to students and (b) loans to parents.

(a) Federal Direct [Stafford/Ford] Student Loans

Students who are U.S. citizens or eligible non-citizens (primarily permanent residents holding green cards) may obtain Federal Direct Student Loans by completing the Free Application for Federal Student Aid (FAFSA). First-year students may borrow up to \$5500; sophomores up to \$6500; and juniors and seniors up to \$7500 annually. Independent students may borrow larger amounts.

The FAFSA must be filed to determine a student's loan eligibility. Any portion of a loan which falls within a student's demonstrated financial need (according to FAFSA data) is **subsidized**: the federal government makes interest payments on the loan while the student remains in school half-time or more. A student without financial need remains eligible for the loan, but he or she is responsible for interest payments while in school. You may pay the interest on this **unsubsidized** loan (or portion of a loan) quarterly or have it accrue and be added to the loan principal when repayment begins.

First-time borrowers must sign an electronic Master Promissory Note (MPN) and complete loan counseling online at www.StudentLoans.gov before the loan proceeds can be credited against their college charges. Both remain valid for loans in subsequent years at Wooster. This federal website is linked at <http://www.wooster.edu/financialaid/loans/>. Entering students should complete the MPN and loan counseling over the summer before they arrive on campus, if possible. Otherwise, the financial aid office shall offer opportunity to complete them online early in the fall semester.

Repayment for both subsidized and unsubsidized student loans begins six months after the student ceases to be enrolled half-time or more. (Loan repayment can be deferred through graduate school or professional school.) Several repayment options are offered. Typically borrowers pay at least \$50 per month on a schedule to have all loans repaid within ten years, but longer repayment periods are possible. Terms are arranged with, and payments made to, a federal loan servicing center.

(b) Federal Direct Parent Loans

An eligible dependent student's creditworthy parent or stepparent may obtain a Federal Direct Parent (PLUS) Loan. Annual PLUS loan eligibility is the cost of attendance minus all financial aid. A parent or stepparent could borrow up to the entire amount the family would have to pay towards educational costs. You must file the FAFSA to apply for a PLUS loan. PLUS loan borrowers are subject to a credit check. Repayment of PLUS loans typically begins within 60 days after the loan is fully disbursed, but borrowers may choose to defer repayments until six months after the student ceases to be enrolled half-time or more. These borrowers may opt to pay accruing interest or have it capitalized into their loan principal. There is no interest subsidy, but an interest rebate is offered to encourage timely repayment. Repayment options are similar to those for student loans, but less broad.

Parents planning to utilize a PLUS loan for some or all of their semester fees should apply to us at least three weeks prior to the semester payment due date. One-half of the loan is credited towards each semester's charges.

All federal direct loans are authorized by a Master Promissory Note, which remains valid for loans throughout all four years at Wooster. *First-time student and parent borrowers alike should complete the electronic Master Promissory Note online when they submit the loan request form to us: www.StudentLoans.gov.* (A link to this site is on our financial aid page.)

Loans are credited to a student's account in two disbursements, usually once a semester. Each disbursement is subject to a 1% loan fee [4% for PLUS loans] and an interest rebate equal to 0.5% [1.5% for PLUS Loans] of the gross amount. Thus the net amount credited to the student's account is 0.5% [or 2.5% for PLUS loans] less than the gross amount of the loan. (To keep the interest rebate, borrowers must make the first twelve required monthly payments on time. Otherwise the rebate amount is added to the loan principal.)

Initially, student loans are credited to the student's account thirty days after the start of the school year (so long as the federal loan servicing center has accepted the signed master promissory note and the student received loan counseling). Parent loans are credited when the servicing center reports positive results from the credit check and you have completed an electronic Master Promissory Note (but no earlier than 10 days prior to the start of classes). You may apply for either loan (or ask us to cancel your entire loan, or any portion of it) at any time throughout the academic year.

Federal statutes set the **subsidized** student loan annual interest rate for 2011-2012 at 3.4%, the **unsubsidized** student loan interest rate at 6.8%, and the parent (PLUS) loan interest rate at 7.9%.

The Federal Direct Loan Servicing Center has a toll-free number for all customer service issues: 800.848.0979. Secure account servicing is also available online at www.StudentLoans.gov.